



CITY COUNCIL
CITY AND COUNTY OF HONOLULU
HONOLULU, HAWAII

ORDINANCE _____

BILL 63 (2018), CD1

FILED
AUG 9 2020

PURSUANT TO RCH Sec. 1-2.4

A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAXATION.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to encourage the construction of accessory dwelling units to increase the number of affordable rental units through the provision of a real property tax exemption for the construction of such units.

SECTION 2. Chapter 8, Article 10, Revised Ordinances of Honolulu 1990 ("Exemptions"), is amended by adding a new section to be appropriately designated by the Revisor of Ordinances and to read as follows:

"Sec. 8-10. Exemption—Accessory Dwelling Unit.

(a) For purposes of this section, unless the context otherwise requires:

"Accessory dwelling unit" means the same as defined in Section 21-10.1.

"Department" means the department of budget and fiscal services.

(b) Real property, on which the owner of record constructs a new accessory dwelling unit in compliance with Section 21-5.720, shall be exempt from real property taxes in an amount up to, but not exceeding, a taxable value of \$60,000 per tax year; provided that:

(1) This exemption applies:

(A) Only after construction of the accessory dwelling unit is complete;
and

(B) From the date that the inspection of the accessory dwelling unit by the department of planning and permitting is complete;

(2) The owner of record provides proof of the issuance of a building permit from the department of planning and permitting for the construction of the accessory dwelling unit dated on or after the effective date of this ordinance;

(3) The claim for this exemption is filed with the department on or before September 30th preceding the beginning of each tax year for which the



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exemption is claimed on a form prescribed by the director and is supported by documentation required by the director including, without limitation:

- (A) A copy of the file-stamped covenants required by Section 21-5.720; and
 - (B) A copy of the building permit;
 - (4) No other real property tax exemption for an accessory dwelling unit is applied to the property;
 - (5) Use of the accessory dwelling unit complies with Section 21-5.720 throughout the period the exemption is claimed; and
 - (6) This exemption would be applicable in addition to any other real property tax exemption that such real property qualifies for.
- (c) In the event the director finds that the owner violated, or that the department of planning and permitting has cited the owner for violating Section 21-5.720, the director shall cancel the real property tax exemption retroactive to the date the exemption was first granted, and the property will be subject to taxes which would have been due but for the exemption allowed, together with a \$500.00 penalty per year of violation and interest at 10 percent per annum, from the respective dates that these payments would have been due. The taxes and penalties due will be a paramount lien upon the real property."

SECTION 3. New ordinance material is underscored. When revising, compiling, or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the Revisor of Ordinances need not include the underscoring. In Section 2 of this ordinance, the Revisor of Ordinances shall, pursuant to the Revisor's authority under Section 1-16.3(b)(1), Revised Ordinances of Honolulu 1990, replace the phrase "effective date of this ordinance" with the actual date on which this ordinance takes effect.



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SECTION 4. This ordinance takes effect upon approval and applies to tax years beginning July 1, 2020 for a period extending between July 1, 2020 to June 30, 2026.

INTRODUCED BY:

Ernest Martin (br)

DATE OF INTRODUCTION:

August 9, 2018

Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Deputy Corporation Counsel

APPROVED this _____ day of _____, 20 _____.

KIRK CALDWELL, Mayor
City and County of Honolulu

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PURSUANT TO ROH Sec. 1-2.4